

Notice No.: 98-005

Date: July 10, 1998

Applies to: Political Subdivision Employers

Subject: Deferred Compensation Program
Assets to be Held in Trust

SHB 2922 Amendment Places Assets in Trust

Effective June 11, 1998, according to provisions of SHB 2922, the assets of the Deferred Compensation Program (DCP) were placed into trust for the exclusive benefit of participants and their beneficiaries. The Revised Code of Washington (RCW) 41.50.770 and RCW 41.50.780 have been amended to establish a trust for that purpose. The new law names the Washington State Investment Board (WSIB) as the trustee. The participant funds in the DCP will no longer be subject to potential claims of employers' creditors.

Impact on Participating Political Subdivisions

Plan assets of political subdivisions that participate in the DCP became part of the DCP trust on June 11, 1998. If you previously reported deferred compensation plan assets on your entity's financial statements, this reporting is no longer required. The annual plan letter from the Department of Retirement Systems (DRS) showing the employer total assets will no longer be sent each fiscal year end. In the reporting period when this change is applied, your financial statements should disclose the nature of the accounting change. The following is a suggested one-time disclosure note addressing this change:

“In June 1998 the State of Washington Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to Governmental Accounting Standards Board (GASB) Statement 32, since the {employer} is no longer the owner of these assets, as of {employer's year end}, the plan assets and liabilities are no longer reported as an Agency Fund.”

Questions?

If you have questions about the new trust, contact Anne Holdren, DCP Administrator, at (360) 753-1829. This Notice can be accessed on the DRS Web site at **<http://www.wa.gov/DRS/employer/>**

John Charles
Director

1998 DRS Notices

For a copy of a Notice, call (360) 586-0052.

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98-005	Political Subdivision Employers Deferred Compensation Program Assets to be Held in Trust